

**PREPARED STATEMENT**

**ACTING UNDER SECRETARY OF STATE FOR MANAGEMENT  
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**For the**

**House International Relations Subcommittee on  
Africa, Global Human Rights and  
International Operations**

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## **Introduction**

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify today in support of the management portions of the President's FY 2006 budget request for the Department of State.

The President's top foreign policy priority is winning the war on terrorism. The United States is engaged in a new kind of war – the global war on terrorism. Defeating such an enemy requires vigilance, tenacity, and international cooperation on an unprecedented scale.

Yet despite the altered security environment and the hard realities of terrorism, America remains committed to an historic mission – the expansion of freedom and democracy. This mission is consistent with our deepest principles and vital to our national interests. For widening the circle of human liberty is the surest way to decrease the appeal of terrorism and build peaceful societies based on individual aspirations and hope.

These are ambitious yet necessary goals to safeguard the security and well-being of our nation. Full funding of the FY 2006 request for the Department's management initiatives will provide the resources we need to sustain a strong diplomatic platform that effectively supports the work of the men and women of the State Department, both in Washington and overseas, as well as the employees of more than thirty other agencies working at our side at American embassies and consulates worldwide.

I wish to thank the members of the subcommittee for their past support of the State Department's management initiatives. The State Department has earned a strong record of accomplishments in the management area over the past four years. I would like to give you a sampling of these achievements, many of which depended on Congressional funding support.

## **State Department's Management Accomplishments**

President's Management Agenda (PMA):

I first want to underline our success in implementing the President's Management Agenda (PMA) -- the strategy for improving the management and performance of the Federal government. The PMA emphasizes five

government-wide initiatives -- human capital, competitive sourcing, improved financial performance, expanded electronic government, and budget and performance integration. In addition to the government-wide initiatives, the Department is taking a lead role in carrying out the PMA initiative on a Rightsized Overseas Presence.

The Department of State has achieved measurable progress in implementing the PMA and is now in the top tier of the 26 PMA agencies. We started in 2001 with red (the lowest score) for both status and quarterly progress on all five initiatives, but I'm proud to say that State is now one of only four agencies with green (the highest) status scores on four of the five initiatives. The only one on which we have not yet reached green, but we are actively engaged in getting there, is competitive sourcing. In support of the rightsizing initiative, and at the direction of Congress, we established the Office of Rightsizing the U.S. Government Overseas Presence last year to lead the Department's effort to develop internal and interagency mechanisms to better coordinate, rationalize, and manage the deployment of personnel overseas under Chief of Mission (COM) authority.

People:

- We improved our recruiting and hiring processes to ensure we hire the best talent available.
- We are developing a new set of requirements for Foreign Service employees who wish to compete for promotion into the senior ranks. Requirements include broader functional and regional expertise, additional training and language requirements, and hardship service.
- We are building the professional skills of our Civil Service employees, including expanded entry-level orientations, an accelerated hiring process, a broad-based mentoring program, a robust Presidential Management Fellows program, and full access to training for professional and critical needs.
- Overall, the Foreign Service Institute provided 40% more training in FY 2004 than in FY 2001.
- Under the mandatory leadership training for mid-level Foreign Service and Civil Service employees begun in 2002, the Foreign Service Institute's Leadership and Management School has already trained more than 5,000 employees, on track to train the entire target group by the end of December 2006.

- We expanded our capacity to train students in Arabic at our language schools in Washington and Tunis. In FY 2001, enrollments of State employees in any form of Arabic training (part-time, full-time, etc.) totaled 121, whereas in FY 2004 that number was 341. Currently there are over 200 State Department employees enrolled *full-time* in Arabic training, an increase of 100% since FY 2001.

#### Security:

- We have made numerous technical upgrades to the security systems at our domestic and overseas facilities. Overseas this includes physical security upgrades such as forced-entry/ballistic-resistant doors and windows, perimeter security, and safe havens and technical security systems such as upgraded CCTV coverage with digital recording of events and improved alarm systems.
- We have made substantial progress on combating visa and passport fraud through the strong partnership of our Bureaus of Consular Affairs (CA) and Diplomatic Security (DS). Expanded DS investigative efforts have led to an 82 percent increase in the total number of individuals arrested for passport and visa fraud from FY 2002 to FY 2004 (from 401 arrestees to 725 arrestees).
- Our Bureau of Diplomatic Security is automating the security clearance process. We have decreased the processing time for issuing a security clearance by 45% and have virtually eliminated the backlog of full-time employees with clearances older than five years.
- Our Bureau of Consular Affairs:
  - Successfully implemented the Biometric Visa Program at all visa-adjudicating posts ahead of the Congressionally-mandated October 26, 2004 deadline. This information is shared with Department of Homeland Security inspectors at ports of entry.
  - Developed a new generation U.S. passport that incorporates state of the art security and printing features. This new passport will also incorporate an integrated chip onto which the Department will write the bearer's photograph and the same biographic data as found on the passport's data page.
  - Deployed the Internet Based Registration System (IBRS), which permits American citizen travelers to register their foreign plans and contact information via the Department's Internet site.

### Technology:

- With the help of Congress, the Department has made great strides in modernizing our IT infrastructure and systems:
  - Internet access at every desktop.
  - Classified connectivity for all those authorized to have it.
  - We have implemented a four-year technology modernization cycle for Department networks worldwide – classified and unclassified.
  - IT staff skills have been upgraded; hiring, retention, and training issues have been addressed.
- The Information Technology implementations are changing the way the Department does diplomacy:
  - Remote posts are less isolated as a result of global networks.
  - Flexible email has replaced rigidly formatted cables for much of the Department's workforce.
  - The Internet is now a vital information resource to all Department employees worldwide and a vehicle for outreach.
  - Electronic commerce is well established for on-line acquisition.
  - Strengthened computer security and the completion of information assurance authorization on major IT systems in the Department ensures we can depend on the confidentiality, integrity and availability of critical information.

### Facilities:

- We have established a stronger, more responsive Overseas Buildings Operations Bureau (OBO) which has implemented a Long-Range Overseas Buildings Plan (the fourth edition covering FY 2005 to FY 2010 was issued in February), continued to hone its Standard Embassy Design, and introduced a new Disciplined Approach to Management designed to ensure construction projects are completed within scope and budget and on time.
- We greatly accelerated the construction of safe, secure, and functional embassies through management efficiencies as well as the creation of the Capital Security Cost Sharing Program, a \$17.5 billion program to replace 150 posts over 14 years. In most cases, embassy construction time has been reduced from more than four years down to two.
- OBO is currently managing \$4.7 billion in construction projects, compared with \$0.7 billion in FY 2001. Since then, OBO has

completed 14 capital construction projects and currently has another 40 under construction.

- In Washington we renovated the Old State wing of the Harry S Truman (HST) headquarters building and started the design and planning for the next renovation phase for the New State section of the HST building, which is scheduled to begin in November 2005 pending funds.

#### Management Reforms:

- We developed the first-ever joint State-U.S. Agency for International Development Strategic Plan, which will be updated this year, and established formal mechanisms to better coordinate policy and management issues with USAID. The Joint Management Council is helping to implement the Plan's management goals, including eliminating duplicative services and integrating IT infrastructure and services.
- We consolidated strategic planning and budget operations in the Bureau of Resource Management, creating the structure not only to improve financial performance but also to integrate planning, budget, and performance. We are linking budget decisions to program performance, including Senior Reviews chaired by the Deputy Secretary and Budget Reviews chaired by the Department's budget officer. This bureau has achieved green status scores for both the financial management and budget and performance integration PMA initiatives (a double green reached by only four other agencies Government-wide thus far).
- The Integrated Logistics Management System (ILMS) is a major reengineering development effort to create a modern, web-based, user-oriented system for logistics, including purchasing, supply, transportation, warehousing, and inventory.

Both our authorization and budget requests are necessary to continue and build on these and other management achievements.

#### **FY 2006-2007 Foreign Relations Authorization Bill**

I want to ask your support for the Administration request for the FY 2006-2007 Foreign Relations Authorization bill, including full funding levels for

FY 2006 and “such sums as may be necessary” for FY 2007. Our request includes a number of personnel flexibilities and a variety of other management authorities that are important for the Department. The personnel provisions, including those for stabilization and reconstruction efforts, are key to our creatively meeting the challenges that the Department faces in the post-9/11 world.

The Department is also seeking legislative authority to retain revenues generated by increases in passport demand beyond the levels budgeted in FY 2005 (9.6 million) and FY 2006 (10.1 million) in order to fund the Western Hemisphere Travel Initiative. Although not finalized in time for our original Authorization request package, this proposal is now part of it. Under Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004, the Secretary of Homeland Security, in consultation with the Secretary of State, must develop and implement a plan by January 1, 2008 that requires passports or other documentation (to be determined at a later date) denoting nationality and identity for all U.S. citizens entering or leaving the U.S. from other jurisdictions within the Western Hemisphere. The Administration announced the details of this program last week. The Department anticipates that passport demand could grow from 8.8 million applicants in FY 2004 to as many as 17 million passports per year by 2008. To meet this estimated demand, the Department of State may need to significantly increase its passport adjudication and production capacity beginning in FY 2005. These revenues will be used to support such expenses as increased passport direct hire and contractor staff, staff training, outreach programs, additional passport facilities, and related systems support.

### **FY 2005 Supplemental**

Full funding of the President’s FY 2005 supplemental request is vital to carrying out our commitments in the global war on terrorism. Our request included funding to support operations in Iraq and Afghanistan and meet our commitments to international peacekeeping. I want especially to highlight the need for full funding of the Baghdad New Embassy Compound (NEC) and the Office of the Coordinator for Reconstruction and Stabilization.

The \$658 million requested for the Baghdad NEC in the FY 2005 Supplemental is vitally important:

- When the FY 2006 budget was prepared, the Department was still refining particulars related to the size, cost, and timing of construction and assuring that the new post would be rightsized.
- In order to ensure that all USG staff are working in a safe, secure environment, we need to begin the construction process as soon as possible. Although security improvements have been made to the interim complex, the facilities meet only some security standards because of the current environment. The interim complex has been hit numerous times by insurgent fire, and two mission members have been killed there in the past four months.
- The Palace complex has symbolic importance to the Iraqi people, and we have agreed to return it as soon as possible to an elected Iraqi government.

Should funding be deferred on the Baghdad Embassy construction until regular FY 2006 appropriations, the delay (which could be as much as 14 months from our current schedule) would cause greater risks to personnel and extend site maintenance costs while awaiting mobilization.

President Bush has charged the State Department with coordinating our nation's post-conflict and stabilization efforts. We are asking for \$17.2 million in supplemental funding for start-up and personnel costs for the Department's new Office of the Coordinator for Reconstruction and Stabilization. Our FY 2006 request continues funding for this office.

## **FY 2006 Request**

The Administration request for FY 2006 will sustain initiatives for people, security, information technology, and facilities and meet new and increased diplomatic requirements, including the capability to coordinate quick civilian response to post-conflict situations. This funding is necessary to build on our many accomplishments in the management area over the past four years and to maintain the strong momentum in our implementation of the President's Management Agenda.



The resources requested in the FY 2006 budget will enable the State Department to:

- **Support the global war on terrorism**

The request provides \$690 million in Worldwide Security Upgrades to maintain security programs for the protection of our diplomatic personnel, facilities, and information in the face of terrorism. Security is an on-going effort, especially as the potential for large-scale terrorist attacks and continued physical and technological attacks directed at Government and civilian targets within the United States and our diplomatic missions abroad remains at a historic high. The work of the Bureau of Diplomatic Security (DS) in counter-terrorism, criminal investigations, and intelligence makes it a partner in the global war on terrorism. DS manages a broad range of programs to create and maintain the appropriate level of security for more than 57,000 U.S. Government personnel, staff, and dependents who work and live at approximately 260 embassies, consulates, and other missions overseas.

This funding will continue programs to maintain our security equipment and technical support, information and systems security, perimeter security, and security training. It will add 55 security professionals for key responsibilities such as Joint Terrorism Task Force participation and the mobile security teams that respond to crises, increased threats, and security training requirements overseas.

- **Strengthen protection of America's borders**

The FY 2006 budget provides \$930.6 million in appropriated funds and fees for the Border Security Program, whose mission is -- through continuous improvements in consular systems, processes and programs -- to protect American citizens living and traveling abroad and to protect U.S. borders against illegal entry of terrorists and others who would threaten homeland security. This funding is a combination of Machine Readable Visa fees (\$672.1 million), Enhanced Border Security Program fees and visa fraud prevention fees (\$184.3 million), and \$74.2 million in appropriated funds.

The funds provided through the Border Security Program will:

- Support almost all consular operations worldwide, including the salaries and support costs of 2,852 full-time consular officers and support personnel.
  - Support all consular systems, including passport production systems, the Consolidated Consular Database (CCD) and the Consular Lookout System (CLASS), against which all visa applications must be checked prior to being issued.
  - Introduce a more secure passport that has a biometric chip embedded in the passport document.
  - Support the national security requirement to collect biometric data worldwide from visa applicants.
  - Expand the use of facial recognition checks in the visa issuance process.
  - Add 55 positions to manage an increased domestic passport workload, increases in consular services provided to American citizens abroad, and continuing changes in visa processing, including more extensive interviewing of applicants and the implementation of biometric collection.
- **Provide human resources for core requirements**

In addition to the positions in the Border Security program and Diplomatic Security already mentioned, the request provides \$57 million for 221 new positions to meet core staffing and training requirements. These 221 positions will address critical priorities such as:

- New embassies in Baghdad and Kabul (including four regional centers in Iraq), a liaison office in Libya, and most recently Khartoum; these have become permanent requirements that must be considered as part of the base of our operations.
- Critical needs related to security objectives such as non-proliferation of weapons of mass destruction, combating terrorist financing, and advancing information technology to meet security and intelligence requirements;
- The Office of the Coordinator for Reconstruction and Stabilization; and
- Arabic language instruction and advanced training in critical needs languages, particularly Arabic and Farsi.

In 2001, the Department of State proposed a three-year hiring initiative known as the Diplomatic Readiness Initiative, or DRI. The intent of DRI was to allow for more training in critical foreign languages and management skills, as well as provide staffing that would ease the pressures of responding to emerging priorities and crises.

The Diplomatic Readiness Initiative (DRI) has rebuilt both Foreign Service and Civil Service personnel to meet the needs of 21<sup>st</sup> century diplomacy. However, the DRI plan predated 9/11 and the Global War on Terrorism, and new requirements have been placed on the Department.

- **Continue to construct and upgrade secure diplomatic facilities**

Following the 1998 bombings of U.S. embassies in East Africa, and as highlighted by continuing terrorist acts around the world, one of the Department's most pressing needs is to provide secure facilities for U.S. Government employees overseas efficiently – and at reasonable cost.

The request provides \$1.526 billion to support security-related construction projects and address the major physical security and rehabilitation requirements of U.S. embassies and consulates.

This funding includes \$810.2 million for capital security construction to replace diplomatic facilities at the most vulnerable posts. Of this amount, \$393.6 million is for State's share of the Capital Security Cost Sharing (CSCS) Program (with the remainder from regular appropriations). This multi-year program is designed to accelerate construction of new secure embassies and encourage Federal agencies to rightsize by carefully considering their overseas positions. All U.S. Government agencies with an overseas presence contribute to the costs of this construction program based on the number of their authorized overseas positions.

With \$203.1 million in anticipated cost sharing contributions from other agencies, the Department will have \$1.013 billion to plan, design, and build new embassy and consulate compounds (NECs). This will fund the design and construction of eight new embassy compounds in Brazzaville, Republic of Congo; Djibouti, Djibouti; Harare, Zimbabwe; Kigali, Rwanda; Kinshasa, Democratic Republic of Congo; Lusaka, Zambia; Oslo, Norway; and Sarajevo, Bosnia-Herzegovina; a new consulate compound in Karachi, Pakistan; and four USAID annexes in Abuja,

Nigeria; Accra, Ghana; Managua, Nicaragua; and Tbilisi, Georgia, as well as NEC design in Mexico City.

The request also includes \$85 million to upgrade compound security at high-risk posts and \$15 million to increase protection for soft targets such as overseas schools and recreation facilities as well as \$615.8 million for ongoing operations and maintenance.

- **Exploit information technology**

To maintain our edge in the changing world landscape, it is imperative that the Department have steadfast and effective information technology (IT) globally to carry out U.S. foreign policy.

The request provides \$249 million for Central Fund investments in IT, including \$116 million in estimated fee revenues. The two top IT priorities in this funding are SMART (State Messaging and Archive Retrieval Toolset) and GITM (Global IT Modernization) included in the Centralized IT Modernization Program.

Specifically, SMART is the key to the future with a simple, secure and user-driven system to support foreign policy through modern messaging, dynamic archiving and information sharing. SMART will replace the outdated, cumbersome 1940's cable system that currently provides worldwide information to the Department, combining command and control messaging with e-mail into a single, searchable electronic archive. The request for \$39.7 million is needed to move this critical program forward.

The Centralized IT Modernization Program request of \$74.1 million will help us to ensure that the Department's global IT infrastructure and network access is kept current over our reliable worldwide network. Continued technology modernization is a prerequisite for SMART implementation.

We will be able to centralize our modernization efforts and leverage the Department's IT investments via a cost-effective program linked to our Strategic Plan by:

- Continuing modernization of the common infrastructure, network architecture and standardized hardware and software to ensure secure unclassified and classified environments.
- Planning and executing the program in synchronization with the Department's business process re-engineering efforts to provide an agile and adaptive infrastructure capable of leveraging new technology.
- Avoiding operations and maintenance and other support costs for old or obsolete hardware and software through a disciplined and centralized approach to modernization on a four-year cycle.
- Providing a common global baseline for classified and unclassified infrastructure to facilitate efficient user training and technical support.
- Facilitating cross-agency communication and information sharing.

## **Conclusion**

Thank you for allowing me to explain some of the key management initiatives in the President's FY 2006 budget request for the Department of State. I welcome the opportunity to answer your questions.